

3-1947

SPECIAL FEATURE
RUSSELL SPLANE

JULY 13, 1978

THE PLASTIC REVOLUTION
(VOICED PIECE IN TAPE LIBRARY)

ANNCR: PLASTIC CREDIT CARDS, INTRODUCED IN THE UNITED STATES TWELVE YEARS AGO, HAVE BROUGHT A REVOLUTION IN RETAIL SALES AND IN PERSONAL BUYING HABITS OF THE AMERICAN PEOPLE. BUT THE MAN WHO LAUNCHED THIS PHENOMENON SEES MORE PLASTIC AND MORE CHANGES AHEAD. VOA CORRESPONDENT RUSSEL SPLANE HAS THE STORY IN MIAMI.

VOICE: KENNETH LARKIN IS THE CALIFORNIA BANKER WHO LAUNCHED THE CREDIT CARD REVOLUTION IN THE MID-1960S. NOW SAYS MISTER LARKIN THE UBIQUITOUS PLASTIC CARDS ARE SPAWNING A NEW ECONOMIC BREAK-THROUGH--ELECTRONIC BANKING. MISTER LARKIN, SENIOR VICE PRESIDENT OF BANK OF AMERICA, WAS IN MIAMI BEACH RECENTLY TO ADDRESS AN ANNUAL KIWANIS CONVENTION. HIS ADDRESS WAS BILLED AS "CREDIT CARDS: AN ASSET OR A LIABILITY," A TITLE WHICH HE SAID WAS SOMEWHAT MISLEADING. "I'VE NEVER THOUGHT OF THE CREDIT CARD AS A CURSE," HE TOLD A MIAMI INTERVIEWER. IT WAS, HE SAID, "TRULY THE MARKETING PHENOMENON OF THE LATE 1960S AND EARLY 1970S." TODAY, THE PEOPLE IN THE UNITED STATES HOLD SIX HUNDRED MILLION CREDIT CARDS. THESE INCLUDE DEPARTMENT STORE CHARGE PLATES, OIL COMPANY CREDIT CARDS AND THE BANK CARDS LIKE THE ONE MISTER LARKIN LAUNCHED NATIONALLY IN 1966. ISSUED BY THE BANK OF AMERICA, IT WAS CALLED THE BANKAMERICARD. THE CALIFORNIA BANK GRADUALLY WITHDREW FROM THE CREDIT CARD NETWORK IT HAD ESTABLISHED.

VOICE: THE CARD WAS RENEWED VISA AND THE SYSTEM NOW IS RUN BY
(CONT) DOZENS OF ISSUING BANKS ACROSS THE NATION. VISA'S
PRINCIPAL COMPETITOR IN THE BANK CARD BUSINESS IS MASTER
CHARGE WHICH OPERATES THE SAME WAY.

THE AVERAGE U.S. CITIZEN WITH CREDIT CARDS IN HIS POCKET
HAS AN INDEBTEDNESS OF FOUR HUNDRED FIFTY DOLLARS. THE
SIX HUNDRED MILLION CARDS OUTSTANDING REPRESENT A TOTAL
CONSUMER DEBT OF FOURTEEN THOUSAND MILLION DOLLARS.
BESIDES THE CHANGE IN FAMILY FINANCES, THE PLASTIC
CARDS ARE BEGINNING TO CHANGE PATTERNS OF RETAILING.
THE CARD ENCOURAGES IMPULSE BUYING AND THE SPREAD OF
SMALL SPECIALTY SHOPS AND BOUTIQUES. THE BANK CREDIT
CARD, SAYS MISTER LARKIN, ENABLES THE SMALL STORE TO
OFFER THE SAME CREDIT TERMS AS THE LARGER STORE. LARGE
DEPARTMENT STORE CHAINS, WHICH USED TO ACCEPT ONLY THEIR
OWN CARDS, ARE NOW BEGINNING TO USE BANK CREDIT CARDS.

THE CALIFORNIA BANKER THINKS THE PLASTIC CARDS HAVE AN
EVEN GREATER POTENTIAL IN THE NATION'S FINANCIAL SCHEME.
HE FORESEES AN EXPLOSION IN ELECTRONIC FUND TRANSFERS
WHICH MAY ADD A CASH CARD FOR AUTOMATIC 24-HOURS-A-DAY
BANKING MACHINES. THE HOLDER WILL JUST INSERT THE
CARD IN A SLOT, PUSH A HANDLE AND RECEIVE THE AMOUNT
OF MONEY HE NEEDS, CHARGED AUTOMATICALLY TO HIS BANK
ACCOUNT. THERE ALSO WILL BE DEBIT CARDS WHICH WILL
REPLACE CHECKS AT PARTICIPATING RETAIL OUTLETS.

MISTER LARKIN WOULD LIKE TO GO A STEP FURTHER. HE'D LIKE
THE VISA CARD ENCODED FOR ALL THREE USES -- FOR CREDIT,

VOICE: CASH AND ELECTRONIC CHECKS. WITH TWO AND ONE-QUARTER MILLION
(CONT) OUTLETS ALL OVER THE WORLD -- INCLUDING THIRTY-THREE CITIES
IN THE SOVIET UNION -- VISA ALREADY HAS THE POTENTIAL TO
MAKE ELECTRONIC BANKING, USING A SIMPLE PLASTIC CARD,
A PRACTICAL ECONOMIC REALITY.

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